HART SCHAFFNER & MARX ANNUAL REPORT 1968

HART SCHAFFNER & MARX

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Annual Report for 1968

HART SCHAFFNER & MARX AND SUBSIDIARY COMPANIES

Cover: "On the Avenue" Easter theme dramatizes Hart Schaffner & Marx Frostloom suits with new Astra styling for Spring 1969.

HIGHLIGHTS

	Year ended November 30,	
	1968	1967
Operating		
Net sales	**$308,407,000**	$263,686,000
Income before tax	**29,656,000**	23,830,000
Net income	**14,327,000**	12,663,000
Cash dividends	**5,511,000**	4,689,000
Per share of stock*		
Average shares outstanding	**7,669,805**	7,428,999
Earnings**	**1.87**	1.70
Dividends***	**.73**	.67
Financial		
Working capital	**126,680,000**	94,835,000
Additions to property and equipment—net	**9,169,000**	6,919,000
Depreciation	**3,632,000**	2,930,000
Long-term debt	**53,104,000**	29,885,000
Shareholders' equity	**107,505,000**	92,379,000
Shareholders' equity per share	**13.82**	12.35
Other		
Number of employees	**18,000**	16,500
Number of shareholders	**5,100**	4,700
Number of retail stores	**197**	156

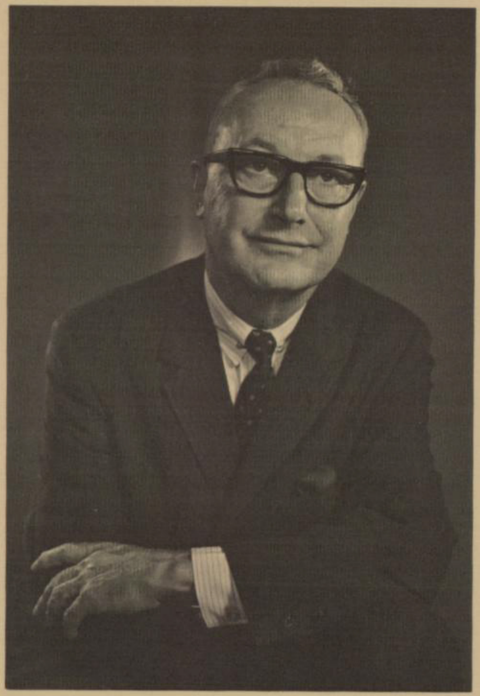
All amounts have been restated to reflect acquisitions on a pooling-of-interests basis.

**All per share figures reflect the 3-for-2 stock split effective February 3, 1969.*

***Assuming the conversion of all convertible debentures and the exercise of all outstanding stock options, fully diluted earnings per share would have been $1.74 in 1968 and $1.63 in 1967.*

****Exclusive of dividends paid by pooled companies prior to acquisition.*

LETTER FROM THE PRESIDENT



To our shareholders:

Hart Schaffner & Marx continued to grow in 1968, not only in terms of sales and profits, but also in important accomplishments that will contribute to the future growth and progress of your Company.

RESULTS FOR THE YEAR

Profits and sales set new records for the sixth straight year. Consolidated earnings for the fiscal year ended November 30, 1968 rose to $14,327,000, a 13% improvement over 1967's $12,663,000. Sales for 1968 increased 17% to $308,407,000 from $263,686,000 for 1967. All divisions of the Company participated in both the sales and earnings improvement. Profit before taxes increased 24%. Net earnings per share rose to $1.87 in 1968 from $1.70 in 1967. Before the stock split, per share earnings were $2.80 in 1968 and $2.56 in 1967 and would have been $3.03 for 1968 before the tax surcharge.

STOCK SPLIT AND CASH DIVIDENDS

At their December 23, 1968 meeting, the directors voted a three-for-two split of the common stock to shareholders of record February 3, 1969, distributed February 17, 1969. This is the fourth split in six years.

During 1968 cash dividends totaling $1.10 per share were paid as compared to $1.00 in the prior year. At their last meeting, the directors also increased the quarterly dividend to 30¢, which would be $1.20 on an annual basis on the pre-split shares. This is equivalent to a quarterly dividend of 20¢ per share or 80¢ annually on the split shares. This marks the 30th consecutive year dividends have been paid and the 11th straight year in which dividends were increased.

JUSTICE DEPARTMENT COMPLAINT

Last November the Justice Department filed an anti-trust suit against the Company seeking divestiture of 44 stores acquired since January 1, 1965 and seeking to enjoin Hart Schaffner & Marx "from acquiring the stock or assets of any firm engaged in the retailing of men's better priced suits." The complaint charges that these acquisitions might tend to foreclose the market for better grade suits and thereby prevent competitors from selling their products to our stores. Your management does not think that your Company is violating the anti-trust laws and believes that the relief sought by the Justice Department is inconsistent with the intensely competitive conditions which exist in the men's wear industry today.

An answer has been filed by the Company denying these charges and Hart Schaffner & Marx will vigorously oppose this complaint unless a reasonable settlement is reached. Regardless of the ultimate outcome of the government's

action, your Company will continue to grow. Achievements and expansion plans are set forth in this report and your management has planned for the continued growth of your Company, year by year, and expects the Company sales to reach $500,000,000 in the early 1970's.

RETAIL STORE DIVISION

In December the Company announced that it had reached an agreement to acquire Chas. A. Stevens & Co., which operates five quality women's specialty clothing stores in the Chicago area. This is the Company's first entry into the women's specialty store field. Chas. A. Stevens & Co. is a well-known name in the Chicago area and is a successfully operated group of stores with annual volume, including leased departments, of approximately $20,000,000. Since announcing this proposed acquisition in the women's specialty store field which, of course, is unrelated to the Justice Department complaint, other stores have come to our attention. These will be considered on a selective basis.

The Company's retail store division grew from 156 stores in 59 U. S. metropolitan areas in 1967 to 197 stores in 70 areas in 1968. This division has plans for opening 25 new shopping center stores in 1969 and 20 additional stores in 1970. New shopping center locations are being evaluated as they become available.

ACQUISITIONS AND EXPANSION OF MANUFACTURING FACILITIES

In 1968 two manufacturing acquisitions were announced, M. Wile of Buffalo and Robitshek-Schneider of Minneapolis, which are included in this report on a pooling-of-interests basis. M. Wile markets men's clothing at price levels lower than Hart Schaffner & Marx. Robitshek-Schneider markets quality casual outerwear for men. Our retail stores have purchased products of both of these companies for many years.

Internal expansion of manufacturing facilities included plants added by Jaymar-Ruby in Russellville, Alabama, and in East Chicago, Indiana. All other manufacturing divisions expanded their productive capacity by adding new equipment as well as in several cases by adding additional space.

OUTLOOK AND PLANS FOR 1969

The Company has requested stockholder approval for an increase in the number of authorized common shares from 15,000,000 to 25,000,000, as well as authorization of 2,500,000 preferred shares. The increased number of shares of authorized common stock is requested for possible future stock splits, acquisitions, stock options and other corporate purposes. The authorization of the preferred shares would give the Company greater flexibility in connection with future acquisitions. The first series would be used for the acquisition of Chas. A. Stevens & Co. The directors would be authorized to determine the terms and conditions of each subsequent series.

December was a record-breaking month in terms of both sales and profits. Advance orders in the manufacturing division for Spring 1969 are at an all-time high, and preliminary orders for Fall 1969 are encouraging. If general economic conditions remain favorable, prospects are bright for another year of growth and prosperity for your Company.

In 1969, as in its previous 81 years, Hart Schaffner & Marx will strive in every division to serve its customers efficiently, graciously and conscientiously by continuing to supply the quality merchandise that has earned for your Company the enviable reputation it enjoys in the industry. These goals are achieved only through the dedicated efforts of the Company's 18,000 loyal employees. The directors join me in thanking our employees for their accomplishments and for the constant effort they put forth in the best interests of your Company.

Very truly yours,

John D. Gray

John D. Gray
President

February 28, 1969

During the spring season Society Brand presented a Cool Combo promotion, representing the combination of advanced Matador styling and crisp, lightweight Miracool spring and summer fabrics.

The Year in Review

Financial Section

Upper left: Capper & Capper's new branch unit in suburban Chicago's Old Orchard shopping center.

Upper right: Entrance to the newly-opened Leopold Price & Rolle branch in Almeda Mall Shopping Center, Houston.

Lower left: New branch in Lafayette Plaza, Bridgeport, Connecticut, marks Wallachs, entry into the New England market.

Lower right: The expanded Baskin store recently opened in Old Orchard offers Chicago's suburbs the largest selection of Hart Schaffner & Marx clothes in any U.S. suburban location.

HART SCHAFFNER & MARX CLOTHES

The Hart Schaffner & Marx Clothes division of the Company manufactures clothing under nine labels—Hart Schaffner & Marx, Society Brand, Sterling & Hunt, Graham & Gunn, Ltd., Jack Nicklaus, Thorngate, Ltd., Austin Reed of Regent Street, Chandelle, Ltd., and Fashionaire. Newest of these is the Chandelle, Ltd., label of high-fashion ladies' rainwear styled by the noted designer, Jean Louis.

All of the brands of Hart Schaffner & Marx Clothes recorded substantial increases in sales in 1968, and advance orders for Spring 1969 reached unprecedented highs. Manufacturing facilities are operating at peak levels to accommodate the marked sales advances.

Hart Schaffner & Marx Clothes, taking note of the accelerated interest in men's fashion trends, made a dramatic move in December with the formation of the International Design Guild. The Guild, composed of nine outstanding designers from the world's fashion centers, will be the source of a variety of innovations in the 1969 "look" of the clothing being sold under the Hart Schaffner & Marx Clothes labels.

The Guild gives new dimension to the fashion interest of men by supplying a variety of "looks," appealing to the complete spectrum of ages and tastes, as well as contributing to a "research and development" program of new ideas.

From these innovations has come a variety of influences for the Fall 1969 lines of Hart Schaffner & Marx, Society Brand, Sterling & Hunt, Graham & Gunn and Austin Reed of Regent Street clothing and Jack Nicklaus sportswear.

The designers are Jean Louis and Alexander Soland of the United States, Eric Joy and Barry Reed of London, Ruben Torres and Jean Tronquet of Paris, Luciano Franzoni of Rome, and Olle Hammarsten and George Tankus of Stockholm. Marcial Mancillas, vice president of manufacturing for the division, evaluates and blends the talents of the Guild designers. Colin Woodhead, group merchandise and fashion coordinator for Austin Reed, Limited, of Great Britain, a fashion talent scout for the Guild, seeks out new designers. Michael Reagan, 23-year-old son of California Governor Ronald Reagan and Actress Jane Wyman and a well-known sportsman, will be a youth consultant to the International Design project and will appear in numerous cities as a speaker and guest to promote the idea.

This international design concept was introduced at a press show in New York and resulted in national publicity and invaluable comment among retailers. Many newspapers including *The New York Times* ran feature articles.

Hart Schaffner & Marx Clothes also is stressing sales efforts in the 50 top marketing areas of the nation which account for 48.7 per cent of the population and 51.6 per cent of all retail sales. During 1968 the division increased its sales to stores in these markets by 23 per cent.

The American male's growing demand for both quality and fashion in casual wear is being met with products bearing the Hart Schaffner & Marx Clothes labels. Typical among these is the Jack Nicklaus Collection that blends style, color and quality.

The division continues to add to the quality excellence of its product and, through a new manufacturing and delivery concept, assisted by its computerized planning, achieved early delivery of complete groupings of merchandise, long a dilemma of retailers.

Hart Schaffner & Marx The demand for the Hart Schaffner & Marx brand increases each year—on the part of retailers and consumers. Last year 129 stores added the brand. The most recent of a continuing series of nationwide brand-awareness surveys indicates the Hart Schaffner & Marx name has reached an all-time high in recognition at the consumer level. Last year the Hart Schaffner & Marx Clothes division promoted the brand by beaming its advertising to more people than ever before. Full-page color advertisements were run in *Time, Newsweek, Esquire, Gentlemen's Quarterly, Ebony, Sports Illustrated, Town & Country, The New Yorker, Playboy* and *The New York Times* fashion supplement.

The magazine advertisements highlight the 23 coordinated promotions offered retailers each year—one for each two-week selling period, exclusive of sale periods. Promotional packages are backed by national magazine advertising, suggested local retail advertisements, direct-mail, radio and TV, window displays and newspaper publicity.

Society Brand Sales of Society Brand clothes again increased in 1968, and more stores joined the growing Society Brand family, which includes some of the best-known names in American retailing.

Society Brand will participate in the international design concept by featuring the styles of Marcial Mancillas, vice president of manufacturing for the division, whose Spring 1969 models were enthusiastically received by retailers throughout the nation.

Society Brand offers its dealers complete promotions supported by national magazine advertisements, local retail advertising materials, window displays and a newspaper publicity service. Largely because of this comprehensive programming, local newspaper advertising devoted to the Society Brand label jumped 67 per cent for 1968.

The brand is advertised nationally in *The New Yorker, Esquire, Gentlemen's Quarterly,* and *Sports Illustrated.* Next fall Society Brand will begin a dramatic new full-page color advertising format.

Right: The International Design concept embraces the talents of nine designers from around the world. Typical of the designer models is this Sterling & Hunt suit by Jean Louis.

Below: Promotional impact for Hart Schaffner & Marx, Sterling & Hunt, and Thorngate labels is provided by one of America's best known golf twosomes: Jack Nicklaus and Bob Hope.

Sterling & Hunt The Sterling & Hunt brand was a newcomer to the men's clothing field four years ago, beginning with seven accounts. Additional stores were added and today Sterling & Hunt has a national—in fact, international—network of retailers. In addition to being offered throughout the United States, the brand also is carried in the stores of Austin Reed, Limited, the British firm in which your Company owns an interest.

Sterling & Hunt's affiliation with Golfer Jack Nicklaus, begun in 1968, has increased sales of merchandise bearing his name (blazers and sport slacks) and enhanced the brand recognition of the Sterling & Hunt name.

Sterling & Hunt is continuing its cooperative marketing efforts with the manufacturer of the Lincoln Continental automobile during 1969. Joint magazine advertising features the Sterling & Hunt advance-fashion Marquis suit and the Lincoln-Mercury advance-styling Marquis car.

The national magazine advertising program is one means Sterling & Hunt uses to back its 23 promotional ideas yearly, each a distinctly different package from those of Hart Schaffner & Marx. Sterling & Hunt also provides advertising materials, window displays and local newspaper publicity for its retailers.

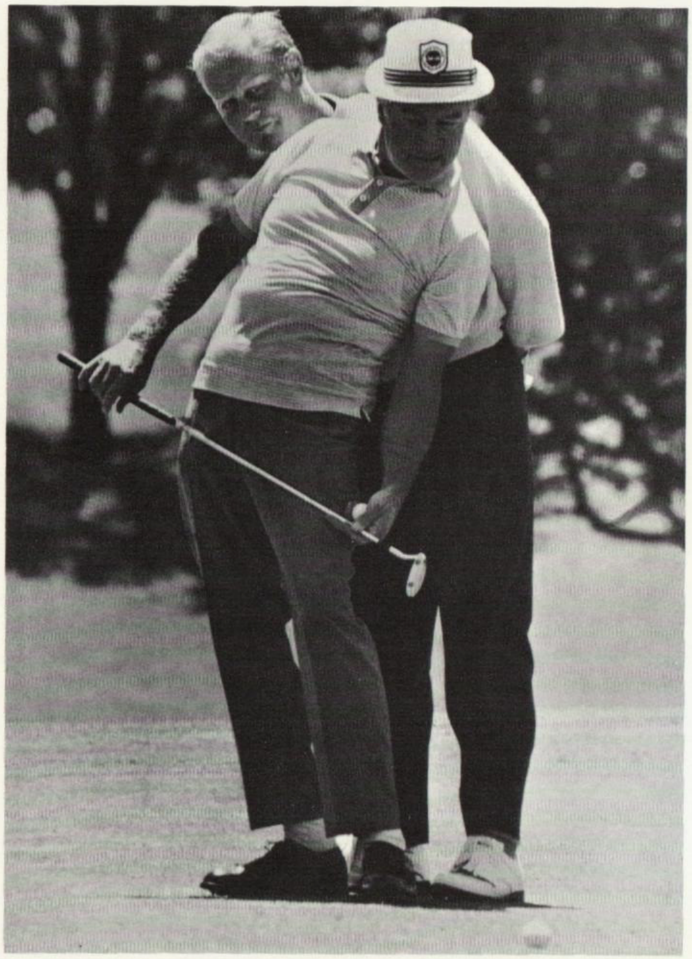
Graham & Gunn, Ltd. The Graham & Gunn, Ltd., brand has its own clothing fabrics and styles as well as specialized distribution to prestige men's apparel stores throughout the nation.

The brand was expanded in 1968 and adopted by a number of select retailers. Acceptance of this superior quality clothing is expected to grow in 1969 and succeeding years.

Graham & Gunn clothing is advertised exclusively in *The New Yorker* which has quality-minded and quality-directed readership. The brand is also promoted through local newspaper advertising and a handsome Christmas merchandise brochure which is printed annually for Graham & Gunn retailers to send their customers.

Thorngate, Ltd. Thorngate, Ltd., had record sales last year, with further gains projected for 1969. It manufactures dress and sport slacks at prices below the Hart Schaffner & Marx clothes level for the Company's retail stores and produces the popular-priced "Bogey Baffle" golf slack introduced in 1967 for both Company stores and independent retailers.

Thorngate's Jack Nicklaus collection of golf and casual slacks, offered on a year-round basis, won warm acceptance with both retailers and consumers. The line was dramatically introduced through full-page color magazine advertisements and on television.



Austin Reed of Regent Street Your Company owns an 11 per cent interest in Austin Reed, Limited, an outstanding men's wear retailer and manufacturer in the United Kingdom. The firm, established in 1900, now owns 41 stores with the flagship unit on Regent Street, London. It tailors men's clothing under the Austin Reed label and also operates a shirt factory in Omagh, Ireland.

While Austin Reed manufactures and sells clothing with the Sterling & Hunt label in England, the Hart Schaffner & Marx Clothes division will be tailoring "Austin Reed of Regent Street" clothing in the U.S. Steady growth is planned for this clothing—which is international in concept and directed at the youth market.

Barry Reed, managing director of Austin Reed, Limited, is a member of the Hart Schaffner & Marx Clothes International Design Guild.




Upper left: Company's newest product line is the designer group of Chandelle raincoats. This ensemble was designed by Jean Louis.

Upper right: Jaymar-Ruby Sansabelt—one of America's most popular slacks.

Lower left: Graham & Gunn "Glynford" natural shoulder sport coat reflects British styling.

Lower right: Stewardess wardrobes tailored by Fashionaire for (left to right) Continental, American, National and United airlines.

Chandelle, Ltd. The "Chandelle" label of Hart Schaffner & Marx Clothes was created late in 1968 to introduce the striking new high-fashion collection of coordinated ladies' rainwear styled expressly for the division by Jean Louis, noted Hollywood designer who has an international reputation. It is being featured in some of the nation's most prestigious stores —Sak's Fifth Avenue, Lord & Taylor, Bergdorf-Goodman and Bloomingdale's of New York; Bonwit-Teller of New York and Chicago; Marshall Field & Co. and Blum's-Vogue of Chicago; I. Magnin on the West Coast, Neiman-Marcus of Dallas and Fort Worth; Jordan Marsh of Miami; Garfinckel's in Washington; Sara Fredericks of New York and Florida; Harzfeld's of Kansas City, Neusteter's of Denver, among others. The Chandelle, Ltd., label is expected to have outstanding growth in the future.

The new collection includes high-fashion raincoats matched with weather-resistant hats in a variety of styles, umbrellas and scarves bearing the Jean Louis signature.

Fashionaire The Fashionaire operation of the Hart Schaffner & Marx Clothes division had phenomenal growth in 1968. It manufactures "fashions in business" for airlines, banks, savings and loan institutions, car-rental companies and other firms.

Fashionaire is presently servicing such airlines as American, United, Continental, National and Northwest and is a supplier of the new stewardess ensembles which American Airlines just introduced.

The transportation industry, among others, is keenly aware of the value of fashionably-styled, quality-tailored attire. Fashionaire tailors clothing not only for stewardesses and pilots but for ground personnel as well. In the latter category it recently outfitted female ground personnel for Trans World Airlines. Sprightly Hertz and Avis styles, both produced by Fashionaire, can be seen throughout the nation.

HICKEY-FREEMAN CO., INC.

Hickey-Freeman Co., Inc., the Company's autonomous affiliate located in Rochester, New York, which tailors clothing under the Hickey-Freeman and Walter-Morton labels, achieved new sales and profit records during 1968 for the seventh consecutive year. Advance orders for Spring 1969 also reached a new high. A recent 20,000 square foot addition to house receiving and sponging will release main plant space for increased tailoring production.

Hickey-Freeman Hickey-Freeman is the top quality clothing line in hundreds of America's finest stores and demand for this time-honored label rose to new heights during 1968. The company channeled most of its expanded production capacity into filling the demand of existing retailers and supplying new stocks in the numerous branch and suburban operations opened by these stores during the year. Hickey-Freeman made dealer adjustments in a few cities to strengthen its position as local situations warranted.

Following the favorable reception of fashion models in suits, sport coats and outercoats which it introduced in 1967, Hickey-Freeman launched new style garments in 1968 that won endorsement of both retailers and consumers. Notable among these are the Wexford and Wexlaine shaped suits which, along with the highly successful shaped models introduced in previous seasons, will account for over one-third of the Hickey-Freeman suit production in Spring 1969.

Walter-Morton Sales of clothing bearing the Walter-Morton label rose to an all-time record during 1968, and plans are underway for expanding production on a broader scale.

The improved volume during 1968 was due both to the increased sales to established Walter-Morton dealers and to changes of representation in Texas which were completed in 1967. These new accounts created an aggressive advertising and publicity campaign in newspapers, television and through direct mail which had a favorable effect on the prestige and status of the Walter-Morton label in the Southwest.

Plans to expand production will help accelerate further the sales of Walter-Morton clothes to existing accounts and will permit the line to be offered to other stores of high standing.

The shaped silhouette is an especially important style in the Walter-Morton line.

JAYMAR-RUBY, INC.

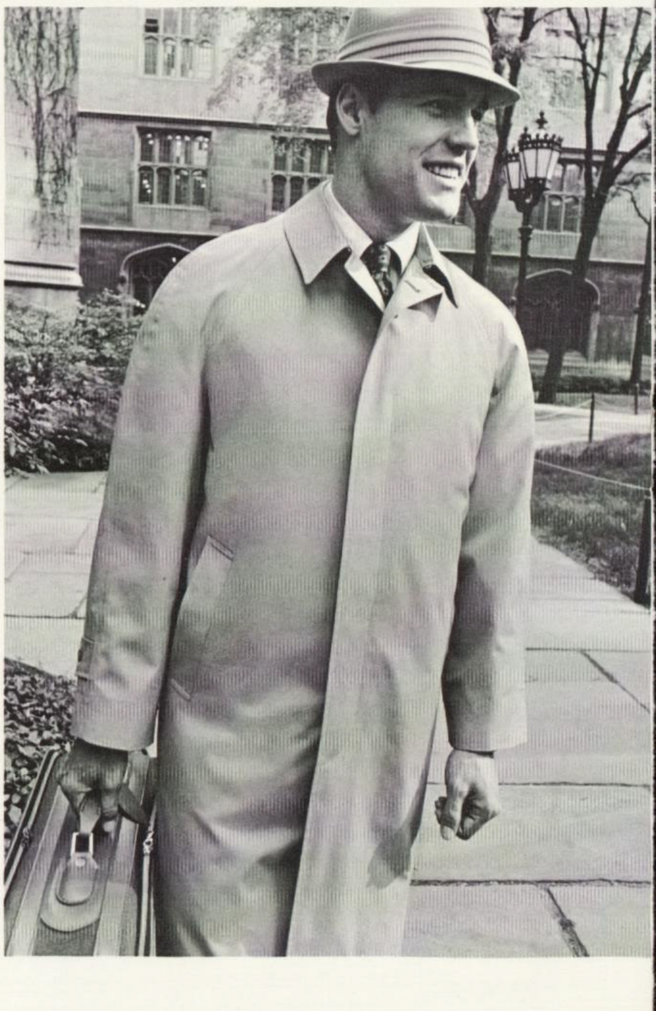
Jaymar-Ruby, Inc., an autonomous division of Hart Schaffner & Marx based in Michigan City, Indiana, is the nation's largest manufacturer of men's quality slacks. It achieved record sales and profits during 1968 for the ninth consecutive year.

As part of a continuing expansion and modernization program to increase production capacity, Jaymar-Ruby added new factories last year in Russellville, Alabama, and in East Chicago, Indiana. Jaymar-Ruby now operates a total of eight factories in three states.

The firm also has installed new equipment at its Michigan City plant to speed the flow of completed slacks from production to shipping areas and will similarly equip its Anniston, Alabama, facility this year.

Jaymar-Ruby In 1968 advance sales of Jaymar slacks for the Fall season increased 43 per cent. Advance orders for Spring 1969 also showed a substantial increase over the same





Left: The "Brent," Hickey-Freeman's most widely accepted suit model, in a pure wool "Springlite" worsted.

Upper right: Robitshek-Schneider's double-breasted outercoat of all wool velour, pile-lined.

Lower right: One of the top selling coats in the Gleneagles line is this all-weather "Chilton" coat.

season the year before. Five hundred new accounts were added during 1968.

Jaymar-Ruby offers three lines of slacks—Alumnus, YMM (Young Man's Mood) and Jay-Bonair with the pioneering Sansabelt elasticized waistband represented in each. Sansabelt slacks continue to be the nation's largest-selling individual men's dress slack. Another brand name, Cary Middlecoff Slacks, spearheads the summer promotion along with Jaymar walk shorts.

Jaymar-Ruby offers the most extensive national advertising and promotional programs in the slacks industry to support its product lines. National magazine advertisements appear throughout the year in *Time, U.S. News & World Report, Golf Digest, Golf, Playboy, Sports Illustrated, Gentlemen's Quarterly* and *Ebony* as well as in the *New York Times* and *Los Angeles Times* Sunday fashion supplements. In addition, television commercials for Jaymar slacks are seen on "The Johnny Carson Show" and on "Today" with Hugh Downs.

Jaymar-Ruby's approximately 5000 retailers support this national advertising with their own local advertising. Continuing research shows that nearly half of all advertising placed each year by retailers across the nation for quality slacks is for Jaymar slacks.

Silver Mfg. Co. Headquartered in Michigan City, this wholly-owned subsidiary of Jaymar-Ruby, Inc., operates with its own management, sales personnel and merchandising program. It produces slacks under the brand name "Life o' Ease" and achieved record 1968 sales and profits for the fifth successive year. Advance orders for the Spring 1969 season indicate continued growth.

Silver slacks are supported by a national magazine advertising campaign in *Gentlemen's Quarterly, Sports Illustrated, Ebony* and *Playboy* and a newly-expanded cooperative retail advertising program with local dealers.

M. WILE AND COMPANY

M. Wile of Buffalo, New York, is an outstanding manufacturer of men's suits and sport coats at price levels below Hart Schaffner & Marx clothing. Most M. Wile clothing, which is carried by over 1300 dealers throughout the nation, is sold under the retailer's store labels.

M. Wile has been an important supplier to the Hart Schaffner & Marx retail stores division for many years. However, this acquisition will not affect our continued purchase of clothing from other manufacturers.

M. Wile has recorded dramatic increases in sales and profits. (Figures for the subsidiary are consolidated in this report on a pooling-of-interests basis.) This division is experiencing great demand for its products which are excellent values. It is expanding production capacity to meet increased orders.

M. Wile transferred small-parts manufacturing last year to its recently-added Northland plant in Buffalo, thereby expanding capacity of the coat factory which is located in Buffalo on property owned by the company. M. Wile also has its warehouse in Buffalo. Trousers are tailored in its Dunkirk, New York, factory. M. Wile has over 1700 employees and occupies 275,000 square feet.

Arthur Gunzberg is president of the firm and his brother, Lawrence, is executive vice president. They are grandsons of Mayer Wile who founded the firm in 1877.

GLENEAGLES

Gleneagles, Inc., the quality men's and women's rainwear division of your Company which is located in the Baltimore area, reported record sales and profits for 1968.

Increased and more efficient production was achieved during the past year through a complete re-engineering of the Gleneagles manufacturing facilities located in suburban Baltimore. The facilities are now the most modern in the industry. Further revisions are planned to meet anticipated future production needs.

Long known as a fashion leader in the quality rainwear field, Gleneagles has developed unique styles and colorings as "the answer to the boring raincoat." The division's family of retailers includes 2000 leading independent and Company-owned stores.

The Gleneagles advertising and promotion program is being expanded to offer dealers complete packaged ideas for use throughout the selling season. In addition to national magazine color advertisements which are run in *Newsweek, Gentlemen's Quarterly, Esquire, The New Yorker, Sports Illustrated* and *The New York Times* fashion supplement, Gleneagles creates local retail advertising, suggested window displays, direct mail and radio-television commercials.

ROBITSHEK-SCHNEIDER COMPANY

During 1968 the Robitshek-Schneider Company, Minneapolis manufacturer of quality outerwear, was acquired on a pooling-of-interests basis. This marked the entry of your Company into the field of casual outerwear, car coats and jackets. This apparel is marketed under the "Great Western" label. Sales and profits of the division reached new records during 1968. Advance orders for 1969 are well ahead of those for last year.

The firm has been in existence over 85 years and employs over 400 persons in its factories in Minneapolis and Chisholm, Minnesota. Robitshek-Schneider was jointly owned by Louis Gross and Arnold Rubenstein, president and vice president respectively.

HART SCHAFFNER & MARX RETAIL STORES

The quality men's wear retailer is entering the most exciting and promising era in his entire history because of the revolution that is occurring in the men's fashion industry. New fashion ideas are being readily accepted by the American male.

The rapid population growth in the 1970's with the dramatic increase in median family income will allow a greater amount of discretionary income to be spent on fashionable men's apparel. The consumer today is more knowledgeable, more fashion conscious and more prosperous than ever before. Our efforts in expanding are designed to meet his current and future demands.

The new shopping center stores opened and under construction and the remodeling and expanding of downtown facilities are designed to create a shopping atmosphere that reflects a quality and fashion position, where convenience and personalized service can be offered.

The retail division of Hart Schaffner & Marx maintains a consistent growth trend in both downtown and shopping-center areas: 81 of its stores are downtown units, 97 are in shopping centers, and 19 are neighboring suburban units. These 197 stores are now operating in 70 metropolitan areas compared to 156 stores in 59 metropolitan areas in 1967.

The Retail Stores division again contributed substantially to Hart Schaffner & Marx' sales and earnings, as retail sales and profits for the 1968 fiscal year reached another new record. Volume, including leased departments, exceeded $200,000,000.

Plans for 1969 and 1970 reflect the Company's confidence in the great potential for the 1970's. During 1969, 25 new shopping-center stores will be opened—four will be Wallachs units which will extend its representation in the New England and New York markets, and one will be opened by Klopfenstein's of Seattle in Anchorage, Alaska. Leases have been signed or are being negotiated for twenty more stores to be opened in 1970.

Your Company has agreed to purchase Chas. A. Stevens & Co. The firm was founded in 1891 and is one of Chicago's largest women's specialty stores. The annual volume of its five locations in the Chicago metropolitan area is approximately $20,000,000, including leased departments.

The 1968 expansion of the Retail Division was the largest in any single year with the addition of 45 stores. Twenty of the 45 units added during 1968 are branches of existing store groups and 25 were established stores acquired by your Company. The Wallachs and Silverwoods groups now operate 17 stores each—Wallachs in the New York trading area, extending to the just-added New England markets of Massachusetts and Connecticut, and Silverwoods in the Southern California trading area, extending to Las Vegas, Nevada.

The new branch units were opened by:

- Wallachs of New York in Natick Mall, Natick, Massachusetts, and in Lafayette Plaza, Bridgeport, Connecticut (both new metropolitan areas).
- Silverwoods of Los Angeles in Montclair Plaza; in Fashion Square, La Habra; in Desert Inn Fashion Plaza, Palm Springs and in The Boulevard, Las Vegas—a new metropolitan area.
- Hanny's of Phoenix in Park Central Mall and in Tri-City Mall.
- Leopold Price & Rolle of Houston in Almeda Mall and Northwest Mall.
- Hastings of San Francisco in Bancroft Center, Berkeley, and in the Broadway Shopping Center, Walnut Creek.
- Capper & Capper, Ltd., of Chicago on North Michigan Avenue and in the Old Orchard Shopping Center.
- Wolff's of St. Louis in Crestwood Plaza.
- Frank Bros. of San Antonio in Central Park Mall.
- Heyward Mahon of Greenville, South Carolina, in McAlister Square.
- Haynes of Springfield, Massachusetts, in Eastfield Mall.
- Klopfenstein's of Seattle in South Center.
- Jacob Reed's Sons of Philadelphia in Neshaminy Mall.

New stores acquired during the year added seven new metropolitan areas:

- Jacob Reed's Sons, six stores in the Philadelphia area and a uniform manufacturing plant in Norristown.
- National Clothing Company, four stores in the Rochester, New York area.
- Stark Bros., three stores in Harrisburg and Lancaster, Pennsylvania.
- Field Brothers, two stores in New York City.
- Hurwitz, one store in Longview, Texas, and one in Kilgore, Texas.
- Patterson-Fletcher, two stores in Ft. Wayne, Indiana.
- Stuckey's, two stores in Rockford, Illinois.
- van Straaten's, two stores in Durham, North Carolina.
- Porter's, one store in downtown New Orleans.
- Washer Bros., one store in Fort Worth.

Right, above: Remodeled interior, F. R. Tripler & Co., New York City.

Right, below: Silverwoods, Desert Inn Fashion Plaza, Palm Springs, California.


SILVERWOODS
SILVERWOODS
SILVERWOODS

The Hart Schaffner & Marx retail stores are quality leaders in their communities. It is the policy to retain these highly respected store names because of their long standing reputations for quality and service.

Three Company stores were relocated during 1968. Baskin of Chicago moved its store in the Old Orchard Shopping Center across the mall to a new location of 33,000 square feet and the former store site of 13,000 square feet is now occupied by Capper & Capper, Ltd. The B. R. Baker downtown-Cleveland store moved next door. The Hurwitz store in Kilgore was relocated in the new Kilgore Shopping Center. During the year the Wallachs stores on Fifth Avenue and in the Empire State Building were renovated and F. R. Tripler & Company of New York and the Baskin store in Evanston, Illinois were remodeled.

In March 1969, Hastings will move from 135 Post to the new Hastings store to be opened at 101 Post Street, San Francisco. Modernization programs are underway at Shulman's in Norfolk, Virginia, and Morris Levy in Savannah, Georgia. Wallachs' Menlo Park, New Jersey store, Silverwoods' Pasadena, California store, and Root's in Summit New Jersey will be expanded this year.

FINANCIAL REVIEW

Earnings: Consolidated earnings of $14,327,000 for the fiscal year ended November 30, 1968 set a new record high for the sixth consecutive year with an increase of 13% above 1967's $12,663,000. Earnings per share after the three-for-two stock split were $1.87 on 7,669,805 average shares outstanding for fiscal 1968 compared to $1.70 per share on 7,428,999 average shares outstanding for fiscal 1967. Earnings per share before the split were $2.80 in 1968 and $2.56 in 1967, and would have been $3.03 for 1968 before the tax surcharge. Profit before taxes increased $5,826,000, or 24%. All divisions contributed to the record earnings.

Sales: Consolidated sales set another record for the tenth consecutive year, increasing $44,721,000 or 17% to $308,407,000 in 1968 from $263,686,000 in 1967. Consolidated sales do not include leased department sales or sales by the manufacturing divisions to the Hart Schaffner & Marx Retail Stores.

Retail division sales increased to over $200,000,000 including leased departments. Sales of the manufacturing divisions increased to over $160,000,000.

Production facilities in all divisions operated at capacity during the year. There are now 32 factories operating in nine states. The union contract with the Amalgamated Clothing Workers covering the clothing industry extends for three years from June 1968.

Common stock-stock splits: The additional shares resulting from a three-for-two stock split to shareholders of record February 3, 1969 were distributed on February 17, 1969. There was no change in the par value of $2.50 per share. Stockholder approval is being requested for an increase in authorized common shares from 15,000,000 to 25,000,000 for possible future stock splits, acquisitions, stock options and other corporate purposes. Authorization is also requested for 2,500,000 preferred shares to be issued in series, with the first series of 100,000 shares (convertible into 180,000 common shares) to be used for the acquisition of Chas. A. Stevens & Co., a Chicago area women's specialty store.

Cash dividends: The dividends paid to shareholders in 1968 totaled $5,511,000 including $95,000 paid by pooled companies prior to acquisition. Four quarterly payments totaling $1.10 per share were paid in 1968 compared to $1.00 per share paid in 1967, or after giving effect to the three-for-two split the dividends were 73¢ per share in 1968 and 67¢ per share in 1967.

On December 23, 1968 the directors increased the quarterly dividend to 30¢ which would be $1.20 on an annual basis on the shares before the split and is equivalent to a quarterly dividend of 20¢ per share or 80¢ annually on the split shares. This marks the 11th consecutive year of dividend increases and our 30th consecutive year of dividends.

Acquisitions: Since the 1967 annual report, five companies have been acquired on a pooling-of-interests basis, and 1967 has been restated from the originally reported $220,460,000 sales and $11,820,000 net profit. Two are manufacturers: M. Wile and Robitshek-Schneider. Three are retailers: Jacob Reed's Sons, Field Bros. and National Clothing Co.

Working capital: Working capital increased $31,845,000 during the year from $94,835,000 to $126,680,000. In August 1968 your Company negotiated a three-year, $30 million bank credit agreement with the option to convert to a term loan payable from 1972 to 1975. Approximately half the funds, borrowed at the prime rate, replaced short term bank loans and the balance is being used for increased working capital and for expansion. The amount borrowed under this agreement was $19,000,000 during the first half of February 1969—a reduction from the November 30, 1968 peak of $27,000,000. The principal changes in working capital position for 1968 are shown in the following table:

Funds came from:	
Earnings for the year	$14,327,000
Depreciation, a non-cash expense	3,632,000
Capital stock used for acquisitions	2,912,000
Proceeds of stock options exercised	1,379,000
Increase in long term debt, exclusive of $2,086,000 debentures converted to stock	25,305,000
Total	$47,555,000
And were used for:	
Payment of dividends	$ 5,511,000
Property additions, net	9,169,000
Redemption of minority interest	382,000
Other	648,000
	$15,710,000
Increase in working capital	$31,845,000

To the Shareholders and Board of Directors of Hart Schaffner & Marx

In our opinion, based on our examination and the report mentioned below of other independent accountants, the accompanying consolidated balance sheet and related consolidated statements of income and retained earnings present fairly the financial position of Hart Schaffner & Marx and its subsidiary companies at November 30, 1968 and the results of their operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the consolidated financial statements of M. Wile & Company, Inc., which statements were examined by other independent accountants whose report thereon has been furnished to us.

Chicago, January 29, 1969

Price Waterhouse & Co.

CONSOLIDATED BALANCE SHEET *Hart Schaffner & Marx and Subsidiary Companies*

ASSETS	*November 30,*	
CURRENT ASSETS:	**1968**	1967
Cash	**$ 7,893,000**	$ 6,321,000
Accounts receivable, less allowance for doubtful accounts—$2,516,000 and $2,156,000, respectively	**58,625,000**	48,043,000
Inventories, at lower of cost or market	**102,374,000**	80,699,000
Prepaid expenses	**1,728,000**	1,415,000
Accumulated income tax prepayments (note 11)	**2,034,000**	2,968,000
Total current assets	**172,654,000**	139,446,000
OTHER ASSETS:		
Investment in Austin Reed, Limited, at cost which approximates market	**1,030,000**	984,000
Cash value of life insurance and other investments	**1,649,000**	1,025,000
Unamortized debenture costs	**349,000**	420,000
	3,028,000	2,429,000
PROPERTIES, at cost:		
Land	**1,036,000**	1,016,000
Buildings and building equipment	**9,142,000**	8,942,000
Furniture, fixtures and equipment	**36,094,000**	31,295,000
Leasehold improvements	**20,988,000**	17,721,000
	67,260,000	58,974,000
Accumulated depreciation and amortization (note 8)	**36,359,000**	33,610,000
	30,901,000	25,364,000
	$206,583,000	$167,239,000

LIABILITIES

	November 30,	
CURRENT LIABILITIES:	**1968**	1967
Notes payable	**$ 1,800,000**	$ 6,169,000
Current maturities of long-term debt	**859,000**	2,581,000
Accounts payable	**23,871,000**	20,206,000
Accrued expenses	**11,187,000**	10,082,000
Federal and state income taxes	**8,257,000**	5,573,000
Total current liabilities	**45,974,000**	44,611,000
LONG-TERM DEBT, less current maturities:		
4⅞% note payable $600,000 annually to 1983	**8,400,000**	9,000,000
4½% convertible subordinated debentures due 1992 (note 3)	**16,667,000**	18,753,000
Notes payable to banks under credit agreement (note 4)	**27,000,000**	
Other debt, extending to 1985	**1,037,000**	2,132,000
	53,104,000	29,885,000
MINORITY INTEREST IN SUBSIDIARY		364,000
SHAREHOLDERS' EQUITY:		
Common stock, $2.50 par value (notes 1, 3, 5 and 12): Authorized 15,000,000 shares; issued, 7,783,310 shares in 1968 and 5,013,744 shares in 1967	**19,458,000**	12,535,000
Capital surplus (note 12)	**4,971,000**	6,362,000
Retained earnings (note 4)	**83,174,000**	74,376,000
	107,603,000	93,273,000
Treasury stock, at cost—3,711 and 25,595 shares, respectively (note 12)	**98,000**	894,000
	107,505,000	92,379,000
	$206,583,000	$167,239,000

(See accompanying notes to financial statements)

CONSOLIDATED STATEMENT OF INCOME

Hart Schaffner & Marx and Subsidiary Companies

	Fiscal years ended November 30, 1968	1967
Net sales	**$308,407,000**	$263,686,000
Other income	**1,842,000**	1,455,000
	310,249,000	265,141,000
Cost of goods sold	**187,415,000**	163,517,000
Selling, administrative and occupancy expense	**87,117,000**	73,308,000
Depreciation and amortization	**3,632,000**	2,930,000
Interest	**2,429,000**	1,561,000
	280,593,000	241,311,000
Income before taxes	**29,656,000**	23,830,000
Taxes on income (note 11)	**15,329,000**	11,167,000
Net income for the year	**$ 14,327,000**	$ 12,663,000
Earnings per share of common stock, based on average shares outstanding during the period*	**$1.87**	$1.70

****Assuming the conversion of all convertible debentures and the exercise of all outstanding stock options, fully diluted earnings per share would have been $1.74 in 1968 and $1.63 in 1967.***

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

	1968	1967
Retained earnings at beginning of year	**$ 74,376,000**	$ 66,402,000
Net income for the year	**14,327,000**	12,663,000
	88,703,000	79,065,000
Deduct:		
Cash dividends paid, $.73 and $.67 per share, respectively	**5,416,000**	4,559,000
Dividends paid by pooled companies prior to acquisition	**95,000**	130,000
Premium paid by pooled company on redemption of minority interest	**18,000**	
	5,529,000	4,689,000
Retained earnings at end of year	**$ 83,174,000**	$ 74,376,000

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS

NOTE 1—CAPITAL CHANGES:
On December 23, 1968 the Board of Directors authorized a three-for-two split of the common stock distributable February 17, 1969 to shareholders of record February 3, 1969. Retroactive effect has been given to this split in the accompanying financial statements and the notes thereto. The directors have also proposed an increase in the authorized common stock to 25,000,000 shares and the authorization of 2,500,000 preferred shares, $1 par value, issuable in series, to be voted upon at the annual meeting of shareholders on April 7, 1969.

NOTE 2—PRINCIPLES OF CONSOLIDATION:
The consolidated financial statements include the accounts of the Company and all of its subsidiary companies. In 1968 the National Clothing companies, Jacob Reed's Sons, the Field Bros. companies and the Robitshek-Schneider Company were acquired for 79,597, 82,500, 45,000 and 33,000 shares, respectively. Subsequent to the close of the 1968 fiscal year M. Wile & Company, Inc., was acquired for 187,500 shares. All of these transactions, which are stated in shares after the three-for-two split, were accounted for as poolings-of-interests in 1968 and accordingly the consolidated financial statements for 1967 and 1968 have been adjusted retroactively to include the results of operations of these companies.

NOTE 3—CONVERTIBLE DEBENTURES:
The indenture under which the 4½% convertible subordinated debentures were issued provides for conversion of the debentures into common stock at $28.33⅓ per share, which gives effect to the three-for-two split. During fiscal 1968 debentures totaling $2,086,000 were converted into 73,589 shares of common stock. At November 30, 1968, 588,258 shares of unissued common stock were reserved for future conversions. The indenture also provides for the retirement of the debentures beginning July 1, 1978 through maturity in 1992 by means of a sinking fund at the annual rate of 5% of the debentures outstanding at July 1, 1977.

NOTE 4—BANK CREDIT AGREEMENT:
The Company has a credit agreement with a group of banks under which it may borrow up to $30,000,000 at the prime interest rate until July 30, 1971. At any time up to that date the Company may convert any portion of the interim borrowings to term loans on which interest will be payable at ¼ of 1% over the prime commercial rate. The term loans will mature in equal amounts in each of the four fiscal years starting in 1972. Under this bank credit agreement, presently the most restrictive of the Company's debt agreements, the Company is required to maintain consolidated net working capital of $70,000,000, which amount is reduced by the unused commitments of the banks. Further, $44,583,000 of consolidated retained earnings at November 30, 1968 was restricted as to the payment of cash dividends.

NOTE 5—STOCK OPTION PLANS:
Under the Company's stock option plans, 372,804 shares of unissued common stock were reserved at November 30, 1968 for options granted or to be granted to officers and key employees. The changes in the number of shares under option during the year after, adjustment for the three-for-two split, were as follows:

	Shares
Under option—November 30, 1967	324,989
Granted	119,062
Terminated	(2,445)
Exercised	(117,244)
Under option—November 30, 1968	324,362
Options exercisable—November 30, 1968	97,662

All options were granted at the highest selling price of the stock on the New York Stock Exchange on the dates of the grants. Options were exercised during the fiscal year 1968 at prices ranging from $6.04 to $26.67 per share, and options outstanding at the close of the year ranged in price from $7.07 to $38.33 per share.

NOTE 6—LEASES:
At November 30, 1968 the Company and its subsidiary companies were parties to 267 separate noncancelable lease agreements, primarily covering retail store properties. Leases expiring in from three to 29 years require minimum annual rental payments of $6,612,000, and leases expiring within three years require minimum annual rental payments of $804,000. Certain of the leases provide for payment of taxes by the lessees and additional rental based on a percentage of sales in excess of stipulated minimums. The total rentals paid, including those under short-term cancelable leases, were $9,653,000 in 1968 and $8,565,000 in 1967.

NOTE 7—PENSION PLANS:
The Company and its subsidiary companies have several pension plans covering substantially all nonunion employees and some union employees. These plans are administered partly under trust agreements and partly through group annuity contracts with an insurance company. Except for three deferred profit-sharing plans of subsidiary companies, all Company contributions are based upon actuarial requirements. The principal plan requires contributions by employees and two of the other plans permit voluntary employee contributions. Total pension cost for the year ended November 30, 1968 was $1,313,000, which includes current service cost and, as to plans not fully funded, amortization of prior service cost at the rate of 10% per year. The companies' policy is to fund future and past service pension costs as accrued. The amounts funded under the plans exceed the actuarially computed total of vested benefits at November 30, 1968.

In addition to the above, the companies contribute amounts based on a percentage of the wages of other union employees to funds administered by the unions for combined employees' welfare and retirement benefits.

NOTE 8—DEPRECIATION POLICY:
In general, the Company's depreciation policy, for both financial statement and income tax purposes, has been to use accelerated methods when permitted.

NOTE 9—LITIGATION:
The United States Department of Justice has filed a civil complaint under Section 7 of the Clayton Act requesting that the Company cease the acquisition of companies engaged in retailing "better priced" men's suits and dispose of 44 locations acquired in the last four years. The Company believes it has not violated the antitrust laws; it has filed an answer and continues to oppose the complaint vigorously. Regardless of the outcome, the action will have no effect upon the operations of the Company for the fiscal year 1968.

NOTE 10—PROPOSED ACQUISITION:
The Company has announced an agreement to acquire Chas. A. Stevens & Co. in exchange for 100,000 shares of preferred stock, convertible into 180,000 common shares. The acquisition is expected to be consummated in April 1969, provided that the shareholders authorize the preferred stock; at that time it will be accounted for as a pooling-of-interests and accordingly the consolidated financial statements for 1968 and prior years will be adjusted retroactively to include Chas. A. Stevens & Co.

NOTE 11—INCOME TAXES:
In accordance with current practice, the 1967 balance sheet has been restated to reflect accumulated income tax prepayments separately. The 1968 income taxes include a deferred tax provision of $934,000 resulting primarily from the adoption by certain retail subsidiaries of the instalment method of reporting sales for tax purposes. Net tax timing differences in 1967 were insignificant.

NOTE 12—COMMON STOCK AND CAPITAL SURPLUS:
Changes in common stock and capital surplus for the year ended November 30, 1968 were as follows:

	Common Stock Issued		Capital
	Shares	Par Value	Surplus
Balance at November 30, 1967	5,013,744	$12,535,000	$6,362,000
Excess of proceeds over par value of unissued shares sold upon exercise of stock options	78,163	195,000	1,184,000
Excess of market value over par value of unissued shares (cost of treasury shares*) exchanged in routine purchases of retail subsidiaries	47,907	119,000	1,979,000
Excess of face amount of 4½% convertible subordinated debentures converted (less applicable issue costs) over par value of common stock issued in exchange	49,059	123,000	1,932,000
Par value of shares to be issued in three-for-two stock split in February 1969	2,594,437	6,486,000	(6,486,000)
Balance at November 30, 1968	7,783,310	$19,458,000	$4,971,000

**23,320 treasury shares costing $814,000 were used for purchases of retail subsidiaries during the year. The only other transactions affecting treasury shares were 494 shares purchased for $28,000, 295 shares costing $10,000 used as employee awards and the 1,237 shares added by the three-for-two stock split.*

FIFTEEN-YEAR SUMMARY

FINANCIAL POSITION

At Nov. 30	Working Capital	Properties Less Depreciation	Long Term Debt	Shareholders' Equity	
				Total	Per Share
1968	**$126,680,000**	**$30,901,000**	**$53,104,000**	**$107,505,000**	**$13.82**
1967	94,835,000	25,364,000	29,885,000	92,379,000	12.35
1966	73,804,000	21,375,000	11,328,000	83,104,000	11.24
1965	68,783,000	17,101,000	12,213,000	74,461,000	10.14
1964	62,618,000	15,528,000	13,749,000	64,925,000	9.05
1963	57,746,000	15,087,000	14,266,000	59,170,000	8.47
1962	48,031,000	14,817,000	7,341,000	56,118,000	8.12
1961	32,067,000	10,484,000	5,830,000	36,963,000	7.38
1960	30,408,000	11,097,000	6,350,000	35,461,000	7.11
1959	29,780,000	10,719,000	6,869,000	33,924,000	6.96
1958	28,139,000	11,123,000	7,253,000	32,267,000	6.55
1957	24,826,000	11,932,000	6,260,000	31,141,000	6.33
1956	23,287,000	11,903,000	5,467,000	29,928,000	6.08
1955	22,981,000	11,233,000	6,224,000	28,130,000	5.71
1954	22,523,000	11,307,000	7,041,000	26,952,000	5.47

SALES EARNINGS DIVIDENDS

Year Ended Nov. 30	Net Sales	Income Before Taxes: Amount	Income Before Taxes: % to Net Sales	Net Income: Amount	Net Income: % to Net Worth	Earnings Per Share	Cash Dividends Per Share
1968	**$308,407,000**	**$29,656,000**	**9.6**	**$14,327,000**	**15.5**	**$1.87***	**$.73**
1967	263,686,000	23,830,000	9.0	12,663,000	15.2	1.70*	.67
1966	243,575,000	23,649,000	9.7	12,394,000	16.6	1.68	.53
1965	220,852,000	19,681,000	8.9	10,572,000	16.3	1.45	.41
1964	192,970,000	13,532,000	7.0	6,843,000	11.6	.97	.36
1963	170,695,000	9,978,000	5.8	4,733,000	8.4	.68	.31
1962	159,822,000	8,540,000	5.3	4,078,000	7.7	.59	.25
1961	90,737,000	4,613,000	5.1	2,509,000	7.1	.50	.21
1960	89,905,000	4,986,000	5.5	2,288,000	6.7	.46	.20
1959	83,142,000	5,261,000	6.3	2,811,000	8.7	.58	.17
1958	76,149,000	3,202,000	4.2	1,827,000	5.9	.37	.14
1957	80,812,000	3,397,000	4.2	1,895,000	6.3	.39	.14
1956	79,532,000	4,314,000	5.4	2,458,000	8.7	.50	.14
1955	74,771,000	3,797,000	5.1	1,736,000	6.4	.35	.11
1954	66,576,000	2,689,000	4.0	1,229,000	4.7	.25	.11

Figures prior to 1962 have not been restated to reflect on a pooling-of-interests basis the acquisition of Hickey-Freeman Co. in 1964, the Jaymar-Ruby companies and Gleneagles, Inc., in 1967, and M. Wile & Company, Inc., the Robitshek-Schneider Company, the National Clothing companies, Jacob Reed's Sons and the Field Bros. companies in 1968. All per-share statistics have been adjusted to reflect a 5-for-4 stock split April 3, 1956, a 2-for-1 split March 31, 1960, a 5-for 4 split February 8, 1963, a 2-for-1 split March 25, 1965, a 3-for-2 split January 14, 1966, and a 3-for-2 split February 3, 1969.

**Assuming the conversion of all convertible debentures and the exercise of all outstanding stock options, fully diluted earnings per share would have been $1.74 in 1968 and $1.63 in 1967.*

197 RETAIL STORES and their executive officers

B. R. Baker (2) — Cleveland, Ohio — *Robert Cleary*

Baskin (11) — Chicago, Champaign-Urbana, Ill. — *Earl Graham and Melvin Weber*

Ray Beers — Topeka, Kansas — *Philip C. Gibson and Ray Beers, Jr.*

Blackburn's (2) — Amarillo, Tex. — *Henry Brown*

Capper & Capper, Ltd. (4) — Chicago, Ill., and Detroit, Mich. — *Robert A. Ratty*

A. M. Davison — Flint, Mich. — *John Cammarata*

Fannin's (2) — Montgomery, Ala. — *Thomas H. Nelson*

Field Brothers (2) — New York, N.Y. — *Bernard Lefenfeld*

Jack Fox & Sons — Hammond, Ind. — *Robert F. Orr*

Arthur Frank (2) — Salt Lake City, Utah — *Simon Frank and Lawrence K. Goldsmith*

Frank Bros. (2) — San Antonio, Tex. — *Stanley Frank, Sr., and George W. Clarke*

Goldberg's — Elkhart, Ind. — *William L. Waterman*

Grieger's — Michigan City, Ind. — *William L. Waterman*

Hagstrum's — St. Paul, Minn. — *John A. Liemandt*

Hanny's (7) — Phoenix, Ariz. — *William O. Manzer*

Hastings (15) — San Francisco-Sacramento, Calif. — *Paul D. Hagstrum*

Haynes (2) — Springfield, Mass. — *Joseph J. Dicero*

Jack Henry (2) — Kansas City, Mo. — *Jack Henry and Ernest A. Dick*

Hurwitz (2) — Longview, Tex. — *Sam Hurwitz*

J. O. Jones — Charlotte, N. C. — *William W. Watts*

Kleinhans (3) — Buffalo, N. Y. — *Paul G. Rohrdanz*

Klopfenstein's (6) — Seattle-Tacoma, Wash. — *Hugh C. Klopfenstein*

Konner's — Paterson, N. J. — *Benn Konner and Jay Konner*

Kucharo's (2) — Des Moines, Iowa — *Herman Kucharo and Nate Bernstein*

Lang's (3) — Akron, Ohio — *Frank M. Mark*

Leopold Price & Rolle (5) — Houston, Tex. — *Joyce Lehman and Doug Jones*

Morris Levy — Savannah, Ga. — *Dick Shanks*

Levy's (3) — Jacksonville, Fla. — *Charles E. Haupt*

Liemandt's — Minneapolis, Minn. — *John A. Liemandt*

Littler — Seattle, Wash. — *A. A. Littler and Laurence Fry*

Heyward Mahon (2) — Greenville, S. C. — *Bernard M. Lipscomb*

The Man Store — Asheville, N. C. — *William C. Burt*

May Clothing Co. — Bay City, Mich. — *Harry C. Niedzielski*

McLeod Watson & Lanier — Raleigh, N. C. — *G. Louis Schanze*

McManus & Riley (2) — Albany, N. Y. — *William W. Reynders*

Merritt Schaefer & Brown (2) — Austin, Tex. — *S. H. Ashford*

National Clothing Company (4) — Rochester, N. Y. — *George Horwitz*

Olson & Veerhusen (2) — Madison, Wisc. — *Harold F. Pfister*

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